

Testimony of Chris Swecker

Good morning Mr. Chairman and members of the Committee. Thank you for inviting me to speak to this Committee on a topic that is so vital to our national security. I should preface my remarks today by emphasizing that I am appearing as a concerned US Citizen and not an official spokesman for the FBI.

I retired from my position of Assistant Director in charge of the of the FBI's Criminal Investigative Division in July, 2006 with over 24 years of service. As Assistant Director of the FBI's Criminal Division from 2004 to 2006 and Acting Executive Assistant Director of the FBI's Law Enforcement Services Branch for my last six months of service I saw first-hand how Terrorist organizations use criminal activities to support terrorism around the globe. During the course of my career I was also the Special Agent in Charge of the North Carolina Office from July 1999 through April 2004 when we worked several significant terrorism cases including the capture of the Olympic Bomber, Eric Rudolph and the neutralization of an active Hezbollah cell which I will describe further. I also spent the fall of 2003 as the FBI's On Scene Commander in Iraq on a mission that was focused primarily on Counterterrorism matters. In that capacity I saw firsthand the impact of terrorist attacks on US civilians and the total commitment displayed by foreign jihadists as we analyzed and conducted forensic examinations of over a dozen suicide bombings, including the tragic attack on the UN Headquarters.

I am here today to talk to you about a specific case involving Hezbollah, an Iranian sponsored paramilitary group that in 1997 was formally designated by the US State Department as a Terrorist Organization and subject to US sanctions. While Al Qaeda has gained attention and notoriety with a series sensational attacks Hezbollah has quietly and strategically operated below the radar screen by avoiding overt terrorist actions in the US. Nevertheless Hezbollah is responsible for the death of hundreds of US Citizens including 241 US marines in the bombing of the Beirut barracks during a UN peace keeping mission and the bombing of the US Embassy in Beirut that killed 17 Americans in 1983 and other heinous attacks. One notorious Hezbollah leader, Imad Mugniyah, led the hijacking of TWA flight 847 in 1985 that resulted in the brutal shooting of the

brave US Navy Diver Robert Stethem. Mugnyiah was a fugitive with a 25 million dollar bounty on his head when he was reportedly killed in 2008. Hezbollah operatives were also responsible for the murder of CIA Station Chief William Buckley in 1985 and lethal bombings of Jewish targets in Argentina demonstrating their global reach. Other more current alleged plots involving Iran are well known. Hezbollah has been referred to as the “A Team” because of their superior organization, paramilitary setup and the state sponsorship of their overseers in the Iranian government.

The case I am here to talk to you about today is one of the best examples of how Hezbollah operates in the United States. This case serves as a warning that while the Hezbollah Terrorist Organization has been focused primarily on fund raising activities in the United States their sophistication, presence and deep entrenchment in American society and business has the potential to provide a platform to support a more lethal capability that should be of concern to all Americans.

In my capacity as head of the FBI’s North Carolina Field Office I had overall responsibility for an investigation of one of the most significant terrorism prosecutions in the country. This case, dubbed “Operation Smokescreen”, was initiated in 1998 and involved an wide ranging multi agency investigation of what was believed to be a Hezbollah cell consisting of a core group of eight individuals from Lebanon who, along with a network of over a dozen associates were determined to be involved in a series of criminal and terrorist related activities. The investigation was able to prove that some proceeds of their criminal activities were funneled to Hezbollah operatives who formed a procurement chain that originated in Charlotte, NC stretched through Detroit, Michigan, Canada and ultimately Lebanon. The case involved the direct participation one of the highest ranking Hezbollah procurement officials at the time, Hassan Hilu Laqis, who is now an international fugitive from the Charlotte indictment. Another significant Hezbollah figure Sheikh Abbas Harake was indicted in second superseding indictment in March 2002. Harake was a prominent Hezbollah military leader who was in direct phone contact with Charlotte cell leader Mohammed Hammoud

over 50 times immediately before cell member Said Harb travelled to Lebanon to deliver an envelope of money to Harake by way of Hammoud's mother.

This case set precedent for many future terrorism prosecutions and was especially noteworthy because it used criminal violations in conjunction with counterterrorism statutes to preempt and neutralize a terrorist group operating on United States soil.

The case involved three waves of indictments. The core charges contained in a superseding indictment dated March 28, 2001 captioned United States v Mohammad Yousef Hammoud, et. al. named twenty five (25) defendants in a seventy seven (77) count federal bill of indictment. Included in these 77 counts were charges of cigarette smuggling; interstate transportation of stolen property; immigration fraud; credit card fraud; bank fraud; fraud by wire; mail fraud; conspiracy to provide material support to a terrorist organization; providing material support to a terrorist organization, RICO and money laundering. Ultimately six defendants were charged with providing material support to a terrorist organization. The case involved the first trial ever under this statute. The case also involved the first time the RICO statute was used in a terrorist related indictment. The cell leader, Mohammed Hammoud, was sentenced to 155 months in prison after a six week trial in Charlotte North Carolina in 2002. The balance of the defendants were sentenced to prison terms, probation or subjected to deportation. Several high ranking Hezbollah figures remain fugitives and are believed to be residing in Lebanon.

This case is significant because of the breathtaking sophistication, scope and organizational depth of this group, their military training and the ease of which they manipulated the US financial system. The investigation revealed that the Hezbollah members and their associates were involved in the following activities:

- Seventy One (71) overt acts were alleged in one count of the indictment alleging a conspiracy by three key members of the organization to provide material support to Hezbollah including currency, financial services, training, false documentation and identification, communications equipment, explosives and other physical assets to facilitate violent attacks

by Hezbollah. Over 500 bank accounts were examined and over eight (8) million dollars in criminal proceeds identified.

- The defendants used business fronts such as a gas station purchased with a fraudulent SBA loan, a restaurant, two tobacco shop shops, and a painting business to disguise their activities.
- A US Embassy employee in Cyprus and corrupt Immigration officials in Venezuela were bribed to obtain Visas for cell members to enter the US.
- Seven individuals were indicted for engaging in fraudulent marriages with cell members or associates in attempts to obtain legal immigration status.
- Several of the members were subjected to multiple deportation orders but were able to avoid deportation by making false claims of asylum or hiring corrupt individuals to engage in sham marriages. Some were involved in multiple marriages simultaneously.
- Cell members manufactured false documentation such as Driver's Licenses, Social Security cards and Passports to support multiple identities for cell members and their associates.
- Scores of credit cards were obtained, run up to or past their credit limits and ultimately "busted out". Some of the proceeds were utilized to leverage the purchase of truckloads of cigarettes at North Carolina outlets which were smuggled to Detroit and other low tax cities where they were sold without valid tax stamps garnering millions of dollars in illicit profits. One member made over \$500,000 in various credit card "bust out" schemes.
- Fictitious identities were utilized to obtain phony credit cards and set up bank accounts.
- Criminal Proceeds were laundered through bank accounts and businesses.
- One cell member bribed a bank employee in the amount of \$1500 to permit a closed bank account to be reactivated and permitting the member to commit check fraud on the reopened account.
- At least 30 bank accounts at least ten banks and investment companies were utilized to support the cell's illegal operations and were seized by the US Government.
- Members built up an arsenal of weapons and trained to keep up their skills.

- Some of the members were active Hezbollah militia with extensive military training.
- Several cell members smuggled stolen dual use military electronics equipment to Canada for shipment to Hezbollah members in Lebanon.
- Numerous acts of purchasing or financing the purchase of dual use military equipment for shipment to Hezbollah operatives in Lebanon were alleged.

I encourage anyone who is interested understanding how a Hezbollah cell operates in the United States to read the March 28, 2002 superseding indictment. It describes the above activities and much more. Most importantly it describes a strategy of violating US laws in various and diverse ways to support terrorist activities. The irony of committing crimes in the United States that undermine our financial systems while utilizing the proceeds to finance terrorism should not go unnoticed.

One insidious aspect of the cell was its potential lethal nature. During the course of the trial, Charlotte Hezbollah cell ring leader Mohammed Hammoud wrote a letter from jail to an associate soliciting assistance in assassinating the lead Prosecutor and using explosives to blow up the federal courthouse and destroy the evidence against the cell. In the letter, which was introduced at his sentencing hearing, Hammoud wrote “His assignment is to put bullets in the head of the arrogant (expletive deleted) prosecutor or to annihilate with explosives the evidence against us.”

Photos were located during the searches of cell members showing Hammoud and another cell member with assault weapons training at an apparently remote outdoor location near Charlotte, NC. Other photos of another cell member, Mohamed Darwiche, in full militia gear armed with a rocket launcher and mounted machine gun were located and introduced at trial. One photo showed a teenage Hammoud posing with an assault rifle in front of a photo of Iranian Ayatollah Khomeini titled “Mohammed at the Hezbollah Center.” One chilling video showed a room full of over forty (40) men outfitted in suicide vests passing in review labeled “Matyr’s squad” (sic). Hezbollah propaganda video tapes were found where Hezbollah members could be heard chanting “death to America,

death to Israel.” Another photo of concern depicted Hammoud and Darwiche posing in front of the White House.

Finally there was a communication between cell member and the Lebanon based Hezbollah procurement official Hassan Laquis that mentioned a willingness to do “anything you or the father want me to do, and I mean anything”. Mr. Chairman, I think that statement sums up the threat. The Charlotte cell had the infrastructure, discipline, financing, motivation and inspiration to be more than a cell involved in criminal activities and terrorist financing. The case illustrates the formidable capabilities of such cells and it would not strain credibility to think that Charlotte, NC cell was typical. They were in direct contact with the highest leadership of Hezbollah including leaders such as Hassan Nasrallah, Secretary General of the organization. Evidence was introduced at trial that Charlotte members followed the teachings of Sheik Mohammed Fadlallah the mastermind behind the US Embassy Hostage crisis in 1980 and whose last act before he died in 2010 was to issue a fatwa authorizing the use of suicide bomb attacks.

Mr. Chairman out of respect for the Committee’s time I have not reviewed every aspect of this case but would like it to be noted that this investigation and prosecution involved the FBI, ATF, Diplomatic Security, Charlotte Mecklenburg Police Department, Iredell County Sherriff’s Office and unprecedented participation of the Royal Canadian Mounted Police (RCMP) and Canadian Security Intelligence Service (CSIS). Most importantly the United States Attorney’s Office in the Western District of North Carolina did an extraordinary job of a very complex and difficult series of indictments and two cliff hanging trials. At the time the “wall” between Intelligence investigations and criminal investigations made it extremely difficult to “connect the dots” between the criminal acts and the cell’s terrorist activities. It was only through the skill and perseverance of the investigators and prosecutors that this case was successful.

This concludes my opening remarks and I would be happy to answer any questions.

